

CONTRACT FOR administering a Flexible Spending Account and Healthcare Reimbursement Agreement for the City of Durham for September 1, 2015 through August 31, 2016.

This contract is dated, made, and entered into as of the first day of September, 2015, by the City of Durham ("City") and Laymon Group Benefit Consultants (Laymon Group) a limited liability company organized and existing under the laws of North Carolina.

Sec. 1. Background and Purpose.

WHEREAS, CLIENT has determined that it is in the best interest of the CLIENT to install a flexible benefits plan for the benefit of CITY OF DURHAM, to be known as the CITY OF DURHAM FLEXIBLE BENEFITS PLAN ("Plan"); and

WHEREAS, in furtherance of such determination and in accordance with the applicable provisions of the plan, CLIENT deems it advisable to delegate certain ministerial duties and functions for purposes of accounting claims processing and record keeping to a person or entity with the capability of providing such services; and

WHEREAS, CLIENT has determined that The Laymon Group has such capability, and has elected to appoint The Laymon Group to serve in such capacity and has and does hereby delegate such ministerial duties and function to The Laymon Group; and

WHEREAS, the parties hereto do desire to set forth their agreement concerning the respective rights, duties, and responsibilities of such parties relative to such delegation;

NOW THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and the CLIENT and The Laymon Group agree as follows:

Sec. 2. Services and Scope to be Performed. Presumption that Duty is Contractor's.

- A. The Laymon Group shall assist the CLIENT in developing the Plan, which shall provide benefit elections for participating employees consistent with provisions of Section 125 of the Internal Revenue Code of 1986, as amended ("Code").
- B. The Laymon Group shall assist the CLIENT in developing, designing and obtaining vouchers, claim forms or other documentation necessary for the administration of the Plan.
- C. The Laymon Group shall provide accounting services to the Plan, as follows:
 1. Maintain a list of participating employees, including full names and social security numbers;
 2. Maintain records of contributions by, payments of benefits to, and resulting account balances of participating employees;
 3. Prepare semi-annual and year-end reports of contributions made by and benefits paid to or on behalf of participating employees under the Plan.
 4. Maintain records of all transactions under the Agreement during the term of the Agreement and for a period of five years thereafter.

- D. The Laymon Group shall receive claims for benefits made by participating employees shall process the same and issues checks payable to such participating employees in accordance with the terms of the Plan and any guidelines issued by the CLIENT; provided; however, that checks shall be issued only to the extent that accounting information provided to The Laymon Group indicated that an account balance is available to permit payment of the benefits applied for by the employee. Checks shall be MAILED TO THE EMPLOYEE'S HOME. If The Laymon Group determines that a given application of benefits is not eligible under the Plan, for whatever reason, the Laymon Group shall forward a notice to the Employee providing the reason for denial and describing any additional information that might be necessary to perfect or complete the application.

The Laymon Group is vested only with ministerial authority to investigate and process claims for benefits under the Plan in accordance with the terms of the Plan. The Laymon Group shall have no discretionary authority to make decisions as to Plan policy, interpretations, practices or procedures, but shall perform its duties and functions within the framework of the terms of the Plan and policies, interpretations, practices or procedures made by the CLIENT. The Laymon Group is not a fiduciary with regard to the Plan and shall not be considered the Plan administrator, a fiduciary or named fiduciary as the same terms are defined in the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The Laymon Group shall make employee benefit eligibility determinations on behalf of the CLIENT in accordance with the claims and procedures set forth in the Plan based upon information provided to The Laymon Group by the employee and by the CLIENT. It is understood that The Laymon Group is acting on behalf of the CLIENT in a ministerial, administrative capacity only and shall have no responsibility to investigate the accuracy or truthfulness of any information provided to The Laymon Group.

- E. The Laymon Group shall not advance its personal funds for the payment of any benefits under the Plan. The Laymon Group shall not be considered the insurer or underwriter of the liability of the CLIENT to provide benefits for the participating employees.

The Laymon Group shall provide the CLIENT with the information in its custody for use in the preparation of all returns and reports that are required by the Internal Revenue Service, the Department of Labor, and any other federal or state agency. The Laymon Group shall assist in the preparation of such returns and reports whenever called upon to do so by the CLIENT; provided; however, that the CLIENT shall be responsible for the timely preparation, filing, and content of all such returns and reports, and the payment of any taxes which may be due.

- F. The Laymon Group shall have the right to retain outside service providers to assist it in performing the duties delegated to it under this Agreement. All such outside services shall be provided at the expense of The Laymon Group, and shall be subject to the supervision, control and responsibility of The Laymon Group. The Laymon Group shall have the right to retain the services of accountants, actuaries, and any other professionals whose services are reasonably necessary or desirable to aid in the performance of its duties under this Agreement, for the benefit of the CLIENT. The expenses for those professional services shall be payable by the CLIENT upon receipt of appropriate billing from the Laymon Group. The Laymon Group shall notify the CLIENT of any pending matter which necessitates the retention of such professional services and shall refrain from hiring any such persons for the performance of substantial services without the prior written approval of the CLIENT.

In this contract, "Work" means the services that the Contractor is required to perform pursuant to this contract and all of the Contractor's duties to the City that arise out of this contract. Unless the context requires otherwise, if this contract states that a task is to be performed or that a duty is owed, it shall be presumed that the task or duty is the obligation of the Contractor.

Sec. 3. Reserved.

Sec. 4. Complete Work without Extra Cost. Except to the extent otherwise specifically stated in this contract, the Contractor shall obtain and provide, without additional cost to the City, all labor, materials, equipment, transportation, facilities, services, permits, and licenses necessary to perform the Work.

Sec. 5. Contractor's Billings to City. Compensation. The Contractor shall send invoices to the City on a monthly basis for the amounts to be paid pursuant to this contract. Each invoice shall document, to the reasonable satisfaction of the City: such information as may be reasonably requested by the City. Within twenty days after the City receives an invoice, the City shall send the Contractor a check in payment for all undisputed amounts contained in the invoice.

The City shall pay the Contractor for the Work as follows: The City shall not be obligated to pay the Contractor any payments, fees, expenses, or compensation other than those authorized by this section.

Sec. 6. Prompt Payment to Subcontractors. (a) Within 7 days of receipt by the Contractor of each payment from the City under this contract, the Contractor shall pay all Subcontractors (which term includes subconsultants and suppliers) based on work completed or service provided under the subcontract. Should any payment to the Subcontractor be delayed by more than 7 days after receipt of payment by the Contractor from the City under this contract, the Contractor shall pay the Subcontractor interest, beginning on the 8th day, at the rate of 1% per month or fraction thereof on such unpaid balance as may be due. By appropriate litigation, Subcontractors shall have the right to enforce this subsection (a) directly against the Contractor, but not against the City of Durham.

(b) If the individual assigned to administer this contract for the City (in this section, titled "Prompt Payment to Subcontractors," he or she will be referred to as the "Project Manager") determines that it is appropriate to enforce subsection (a) in this manner, the City may withhold from progress or final payments to the Contractor the sums estimated by the Project Manager to be

- (i) the amount of interest due to the Subcontractor under subsection (a), and/or
- (ii) the amounts past-due under subsection (a) to the Subcontractor but not exceeding 5% of the payment(s) due from the City to the Contractor.

This subsection (b) does not limit any other rights to withhold payments that the City may have.

(c) Nothing in this section (titled "Prompt Payment to Subcontractors") shall prevent the Contractor at the time of invoicing, application, and certification to the City from withholding invoicing, application, and certification to the City for payment to the Subcontractor for unsatisfactory job progress; defective goods, services, or construction not remedied; disputed work; third-party claims filed or reasonable evidence that such a claim will be filed; failure of the subcontractor to make timely payments for labor, equipment, and materials; damage to the Contractor or another subcontractor; reasonable evidence that the subcontract cannot be completed for the unpaid balance of the subcontract sum; or a reasonable amount for retainage not to exceed 10%.

(d) The Project Manager may require, as a prerequisite to making progress or final payments, that the Contractor provide statements from any Subcontractors designated by the Project Manager regarding the status of their accounts with the Contractor. The statements shall be in such format as the Project Manager reasonably requires, including notarization if so specified.

Sec. 7. Insurance. Laymon Group shall maintain insurance not less than the following:
Commercial General Liability, covering

- Broad form coverage, and in particular, coverage for personal injury, including but not limited to libel, slander, and defamation
- contractual liability
- independent contractors, if any are used in the performance of this contract
- City of Durham must be named additional insured, and an original of the endorsement to effect the coverage must be attached to the certificate (if by blanket endorsement, then agent may so indicate in the GL section of the certificate, in lieu of an original endorsement)
- combined single limit not less than \$1,000,000 per occurrence

Workers' Compensation Insurance, covering

- statutory benefits;
- covering employees; covering owners partners, officers, and relatives (who work on this contract) (this must be stated on the certificate)
- employers' liability, any amount.

Insurance shall be provided by:

- companies authorized to do business in the State of North Carolina
- companies with Best rating of A or better.

Insurance shall be evidenced by a certificate:

- providing notice to the City of not less than 30 days prior to cancellation or reduction of coverage
- certificates shall be addressed to:
City of Durham, North Carolina
Attention: Benefits Manager
Human Resources Department
101 City Hall Plaza
Durham, NC 27701

Both the insurance certificate and the additional insured endorsement must be originals and must be approved by the City's Finance Director before Contractor can begin any work under this contract

Sec. 8. Performance of Work by City. If the Contractor fails to perform the Work in accordance with the schedule referred to in section 2 above, the City may, in its discretion, in order to bring the project closer to the schedule, perform or cause to be performed some or all of the Work, and doing so shall not waive any of the City's rights and remedies. Before doing so, the City shall give the Contractor notice of its intention. The Contractor shall reimburse the City for additional costs incurred by the City in exercising its right to perform or cause to be performed some or all of the Work pursuant to this section.

Sec. 9. Exhibits. The following exhibits are made a part of this contract:

I. Exhibit A DUTIES OF CLIENT

- A. CLIENT warrants that it has validly adopted the Plan and any component plans of the Plan. True copies of the Plan and any component plans are attached hereto as Exhibit A.
- B. CLIENT shall notify, or insure that the participating employees notify, the Laymon Group of the age, years of service, and benefit elections of participating employees. The CLIENT shall also notify the Laymon Group of:
 - 1. A reduction of participating employees.
 - 2. Termination of the employment of a participating employee and whether such termination was due to gross misconduct; or
 - 3. A participating employee becoming eligible for Medicare.
- C. CLIENT shall be responsible for the initial qualification of the Plan and any component plans under the Code, ERISA, or any other applicable federal, state, or local law or ordinance.

II. Exhibit B COMPENSATION

The CLIENT will be billed \$2.50 per participant of the Flexible Spending Account. A participant in both the Medical and Dependent Care Accounts will be charged \$2.50/month, the same rate charged for a participant in only one Account.

Sec. 10. Notice. (a) All notices and other communications required or permitted by this contract shall be in writing and shall be given either by personal delivery, fax, UPS, Federal Express, or certified United States mail, return receipt requested, addressed as follows. The parties are requested to send a copy by email.

To the City:

City of Durham
101 City Hall Plaza
Durham, NC 27701-3329
The fax number is (919) 560-4214
Email: Virginia.jones@durhamnc.gov

To the Contractor:

Laymon Group Benefit Consultants
108 Giles Ave. suite. 102
Wilmington, NC 28403

The fax number is 910-395-2316
Email: Chad.laymon@laymongroup.com

(b) Change of Address. Date Notice Deemed Given. A change of address, fax number, or person to receive notice may be made by either party by notice given to the other party. Any notice or other communication under this contract shall be deemed given and sent at the time of actual delivery, if it is personally delivered or sent by fax. If the notice or other communication is sent by United States mail, it shall be deemed given upon the third calendar day following the day on which such notice or other communication is deposited with the United States Postal Service or upon actual delivery, whichever first occurs.

Sec. 11. Indemnification. (a) To the maximum extent allowed by law, the Contractor shall defend, indemnify, and save harmless Indemnitees from and against all Charges that arise in any manner from, in connection with, or out of this contract as a result of acts or omissions of the Contractor or subcontractors or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable. In performing its duties under this subsection "a," the Contractor shall at its sole expense defend Indemnitees with legal counsel reasonably acceptable to City. (b) Definitions. As used in subsections "a" above and "c" below -- "Charges" means claims, judgments, costs, damages, losses, demands, liabilities, duties, obligations, fines, penalties, royalties, settlements, and expenses (included without limitation within "Charges" are (1) interest and reasonable attorneys' fees assessed as part of any such item, and (2) amounts for alleged violations of sedimentation pollution, erosion control, pollution, or other environmental laws, regulations, ordinances, rules, or orders -- including but not limited to any such alleged violation that arises out of the handling, transportation, deposit, or delivery of the items that are the subject of this contract). "Indemnitees" means City and its officers, officials, independent contractors, agents, and employees, excluding the Contractor. (c) Other Provisions Separate. Nothing in this section shall affect any warranties in favor of the City that are otherwise provided in or arise out of this contract. This section is in addition to and shall be construed separately from any other indemnification provisions that may be in this contract. (d) Survival. This section shall remain in force despite termination of this contract (whether by expiration of the term or otherwise) and termination of the services of the Contractor under this contract. (e) Limitations of the Contractor's Obligation. If this section is in, or is in connection with, a contract relative to the design, planning, construction, alteration, repair or maintenance of a building, structure, highway, road, appurtenance or appliance, including moving, demolition and excavating connected therewith, then subsection "a" above shall not require the Contractor to indemnify or hold harmless Indemnitees against liability for damages arising out of bodily injury to persons or damage to property proximately caused by or resulting from the negligence, in whole or in part, of Indemnitees.

Sec. 12. Miscellaneous

(a) Choice of Law and Forum; Service of Process. (i) This contract shall be deemed made in Durham County, North Carolina. This contract shall be governed by and construed in accordance with the law of North Carolina. The exclusive forum and venue for all actions arising out of this contract shall be the North Carolina General Court of Justice, in Durham County. Such actions shall neither be commenced in nor removed to federal court. This subsection (a) shall not apply to subsequent actions to enforce a judgment entered in actions heard pursuant to this subsection. (ii) If the Contractor is not a natural person (for instance, the Contractor is a corporation or limited liability company), this subsection (ii) applies. "Agent for Service of Process" means every person now or hereafter appointed by the Contractor to be served or to accept service of process in any State of the United States. Without excluding any other method of service authorized by law, the Contractor agrees that every Agent for Service of Process is designated as its non-exclusive agent for service of process, summons, and complaint. The Contractor will instruct each Agent for Service of Process that after such agent receives the process, summons, or complaint, such agent shall promptly send it to the Contractor. This subsection (ii) does not apply while the Contractor maintains a registered agent in North Carolina with the office of the N. C. Secretary of State and such registered agent can be found with due diligence at the registered office.

(b) Waiver. No action or failure to act by the City shall constitute a waiver of any of its rights or remedies that arise out of this contract, nor shall such action or failure to act constitute approval of or acquiescence in a breach thereunder, except as may be specifically agreed in writing.

(c) Performance of Government Functions. Nothing contained in this contract shall be deemed or construed so as to in any way estop, limit, or impair the City from exercising or performing any regulatory, policing, legislative, governmental, or other powers or functions.

(d) Severability. If any provision of this contract shall be unenforceable, the remainder of this contract shall be enforceable to the extent permitted by law.

(e) Assignment. Successors and Assigns. Without the City's written consent, the Contractor shall not assign (which includes to delegate) any of its rights (including the right to payment) or duties that arise out of this contract. The City Manager may consent to an assignment without action by the City Council. Unless the City otherwise agrees in writing, the Contractor and all assignees shall be subject to all of the City's defenses and shall be liable for all of the Contractor's duties that arise out of this contract and all of the City's claims that arise out of this contract. Without granting the Contractor the right to assign, it is agreed that the duties of the Contractor that arise out of this contract shall be binding upon it and its heirs, personal representatives, successors, and assigns.

(f) Compliance with Law. In performing all of the Work, the Contractor shall comply with all applicable law.

(g) Notice of City Policy. THE CITY OPPOSES DISCRIMINATION ON THE BASIS OF RACE AND SEX AND URGES ALL OF ITS CONTRACTORS TO PROVIDE A FAIR OPPORTUNITY FOR MINORITIES AND WOMEN TO PARTICIPATE IN THEIR WORK FORCE AND AS SUBCONTRACTORS AND VENDORS UNDER CITY CONTRACTS.

(h) EEO Provisions. During the performance of this Contract the Contractor agrees as follows: (1) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, political affiliation or belief, age, or handicap. The Contractor shall take affirmative action to insure that applicants are employed and that employees are treated equally during employment, without regard to race, color, religion, sex, national origin, political affiliation or belief, age, or handicap. Such action shall include but not be limited to the following: employment, upgrading, demotion, transfer, recruitment or advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Contractor shall post in conspicuous places, available to employees and applicants for employment, notices setting forth these EEO provisions. (2) The Contractor shall in all solicitations or advertisement for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, political affiliation or belief, age, or handicap. (3) The Contractor shall send a copy of the EEO provisions to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding. (4) In the event of the Contractor's noncompliance with these EEO provisions, the City may cancel, terminate, or suspend this contract, in whole or in part, and the City may declare the Contractor ineligible for further City contracts. (5) Unless exempted by the City Council of the City of Durham, the Contractor shall include these EEO provisions in every purchase order for goods to be used in performing this contract and in every subcontract related to this contract so that these EEO provisions will be binding upon such subcontractors and vendors.

(i) SDBE. The Contractor shall comply with all applicable provisions of Article III of Chapter 18 of the Durham City Code (Equal Business Opportunities Ordinance), as amended from time to time. The failure of the Contractor to comply with that article shall be a material breach of contract which may result in the rescission or

termination of this contract and/or other appropriate remedies in accordance with the provisions of that article, this contract, and State law. The Participation Plan submitted in accordance with that article is binding on the Contractor. Section 18-59(f) of that article provides, in part, "If the City Manager determines that the Contractor has failed to comply with the provisions of the Contract, the City Manager shall notify the Contractor in writing of the deficiencies. The Contractor shall have 14 days, or such time as specified in the Contract, to cure the deficiencies or establish that there are no deficiencies." It is stipulated and agreed that those two quoted sentences apply only to the Contractor's alleged violations of its obligations under Article III of Chapter 18 and not to the Contractor's alleged violations of other obligations.

(j) No Third Party Rights Created. This contract is intended for the benefit of the City and the Contractor and not any other person.

(k) Principles of Interpretation and Definitions. (1) The singular includes the plural and the plural the singular. The pronouns "it" and "its" include the masculine and feminine. References to statutes or regulations include all statutory or regulatory provisions consolidating, amending, or replacing the statute or regulation. References to contracts and agreements shall be deemed to include all amendments to them. The words "include," "including," etc. mean include, including, etc. without limitation. (2) References to a "Section" or "section" shall mean a section of this contract. (3) "Contract" and "Agreement," whether or not capitalized, refer to this instrument. (4) "Duties" includes obligations. (5) The word "person" includes natural persons, firms, companies, associations, partnerships, trusts, corporations, governmental agencies and units, and other legal entities. (6) The word "shall" is mandatory. (7) The word "day" means calendar day. (8) The word "Work" is defined in Section 2. (9) A definition in this contract will not apply to the extent the context requires otherwise.

(l) Modifications. Entire Agreement. A modification of this contract is not valid unless signed by both parties and otherwise in accordance with requirements of law. Further, a modification is not enforceable against the City unless it is signed by the City Manager, a deputy or assistant City Manager, or, in limited circumstances, a City department director. This contract contains the entire agreement between the parties pertaining to the subject matter of this contract. With respect to that subject matter, there are no promises, agreements, conditions, inducements, warranties, or understandings, written or oral, expressed or implied, between the parties, other than as set forth or referenced in this contract.

(m) City's Manager's Authority. To the extent, if any, the City has the power to suspend or terminate this contract or the Contractor's services under this contract, that power may be exercised by City Manager or a deputy or assistant City Manager without City Council action.

Sec. 13. Termination for Convenience ("TFC"). (a) *Procedure.* Without limiting any party's right to terminate for breach, the parties agree that the City may, without cause, and in its discretion, terminate this contract for convenience by giving the Contractor written notice that refers to this section. TFC shall be effective at the time indicated in the notice. (b) *Obligations.* Upon TFC, all obligations that are still executory on both sides are discharged except that any right based on prior breach or performance survives, and the indemnification provisions and the section of this contract titled Trade Secrets and Confidentiality, if any, shall remain in force. At the time of TFC or as soon afterwards as is practical, the Contractor shall give the City all Work, including partly completed Work. In case of TFC, the Contractor shall follow the City's instructions as to which subcontracts to terminate. (c) *Payment.* The City shall pay the Contractor an equitable amount for the costs and charges that accrue because of the City's decisions with respect to the subcontracts, but excluding profit for the Contractor. Within 20 days after TFC, the City shall pay the Contractor one hundred dollars as a TFC fee and shall pay the Contractor for all Work performed except to the extent previously paid for. Work shall be paid for in accordance with the method (unit prices, hourly fees, etc.) to be used for payment had the Work been completed except to the extent it would be inequitable to either party, and if Work was to be paid for on a lump-sum basis, the City shall pay the part of the lump sum that reflects the percentage of completion attained for that Work. The Contractor shall not be entitled to any payment because of TFC except as stated in this section, whether on the basis of overhead, profit, damages, other economic loss, or otherwise.

IN WITNESS WHEREOF, the City and the Contractor have caused this contract to be executed under seal themselves or by their respective duly authorized agents or officers.

III. MISCELLANEOUS

- A. This Agreement shall constitute the entire understanding of the parties with regard to the matters covered in it and shall not be modified except by written document signed by both parties.
- B. This Agreement shall be construed in accordance with the applicable laws of the State of NORTH CAROLINA.
- C. This Agreement shall be binding upon the undersigned parties, their successors and assigns.

EXECUTED the day and year first mentioned above.

THE LAYMON GROUP

CLIENT: CITY OF DURHAM

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT B

ALEGEUS FLEX CONVENIENCE CARD

The Laymon Group shall retain the services of Alegeus, Inc. to administer a debit Mastercard, also known as the Alegeus Benefits Card, to be used with the Plan. CLIENT shall make its employees aware of the option to use the card upon enrollment. The Laymon Group shall provide information to the CLIENT and employees regarding utilization of the card.

The Laymon Group shall set forth parameters for checking the validity of purchases made using the card. Employees shall be responsible for presenting information on purchases requested by the Laymon Group. The Laymon Group and CLIENT shall agree on procedures and consequences when an employee a) does not provide The Laymon Group with requested information in a timely manner; b) uses the card for goods or services which are ineligible under the terms of the Plan.

CLIENT may be asked, when deemed necessary by the Laymon Group, to deposit additional funds into the Laymon Group Trust Account designated by the Laymon Group, to cover claims that exceed the current balance of CLIENT.

Exhibit B accepted this _____ day of _____ 2015.

THE LAYMON GROUP

CLIENT: CITY OF DURHAM

BY: _____

BY: _____

TITLE: _____

TITLE: _____